



Department of Energy

P.O. Box 2567
Grand Junction, CO 81502

July 29, 1983

George Warnock, President
Todilto Exploration & Development Corp.
3810 Academy Parkway South N.E.
Albuquerque, New Mexico 87109

Dear Mr. Warnock:

When my staff informed me of your intention to relinquish the lease on DOE Lease Tract AT(05-1)-ML-60.8-NM-B-1 because of the advance royalty burden and uncertain future market, I investigated the implications of this action and reviewed the findings of fact related to this lease. It has been determined that the best interest of the Government would be served by forgiving the advance annual royalty which was due under the above-mentioned lease on June 12, 1983. You are hereby notified that relief from this payment has been granted for the lease year, June 12, 1983 to June 12, 1984.

The major considerations in this determination were the preservation of the surface use permit with the BIA, the maintenance of access to the mineral resource in the mine and the retention of a qualified lessee like your company. My review of the records indicates that your past performance has been recognized repeatedly as professionally done, and your continued exploration on the lease tract and adjoining property appears to insure the earliest possible resumption of production when market conditions improve.

This decision to forgive the advance royalty applies only to the current payment due June 12, 1983 and a determination of this matter may be made each year based on the Contracting Officer's judgement of the uranium market conditions and other considerations.

Very truly yours,

Clayton R. Nichols
Contracting Officer
Grand Junction Area Office

bc: Carl Freytag, BFEC/MD
George R. Grandbouche, GJ

PMD

PMD

MA

Grandbouche/evj
7/29/83

Curry
7/29/83

Nichols
7/29/83